



Committed to the future of rural communities.

RURAL HOUSING PROGRAMS

GUARANTEED RURAL RENTAL HOUSING (GRRH) LOAN PROGRAM

This program is intended to produce new affordable rental housing by inviting qualified lenders and eligible housing providers to propose rental complexes that will serve rural residents with low and moderate incomes. The rural residents will be provided rental housing through the use of loan guarantees.

It is anticipated that complexes developed under this program may utilize other affordable housing programs such as Tax Exempt Bond Financing, Low Income Housing Tax Credits, taxable bonds, HOME funds, Nebraska Affordable Housing Trust Funds, and other State or locally funded tenant assistance or grants.

Eligible Purposes

- New construction and purchase of an existing building(s) with minimal rehabilitation required as outlined in agency regulations. Apartment complexes must consist of five or more rental dwelling units.
- Combination construction and permanent loans.
- Construction of a wide variety of housing types, including congregate and special needs housing.

Eligible Use of Funds

- All hard costs associated with the proposal.
- Soft costs-professional services, bond fees, developers fees land acquisition and development costs, etc.

Eligible Borrowers

- Individuals and partnerships, non-profit or for-profit corporations.
- Limited liability companies and trusts.
- State and local agencies, Indian Tribes, and any other entity deemed eligible.

Eligible Lenders

- Lenders eligible for approval include HUD, Fannie Mae, and Freddie Mac approved multifamily lenders.
- Lenders with multifamily lending experience and demonstrated capacity to provide all aspects of loan processing, and asset management functions, including disposition.
- Other lenders with multifamily lending experience may also be approved, such as:
 - ♦ Federal Home Loan Bank system members, and State or local Housing Finance Authorities (HFAs).

Benefits to Lenders

- Provides up to 90% guarantee against loan losses.
- Enables lenders to expand their portfolios.
- Improves the economic health of rural communities, thereby strengthening the economic prospects of lending institutions which invest in these communities.

Lender Responsibilities

- Assume the risk on the non-guaranteed portion of the loan.
- Underwrite and originate loans for agency guarantee and perform all loan servicing functions, including asset management and liquidation.

Eligible Areas

- Rural countryside and rural communities of up to 20,000 population, but including Columbus, Norfolk, and the Scottsbluff area.

Application Process and Competitive Selection Criteria

- The application process and competitive selection criteria will be described in an annual Notice of Funding Availability (NOFA) published by USDA Rural Development in the Federal Register.

Application Fee

- There is a \$2,500 non-refundable application fee due when the full application is submitted.

Loan Features

Maximum Loan Amount

- Loan-to-value (LTV) ratio of 90% or less, for loans made to for-profit entities.
- 97% LTV ratio for loans made to non-profit entities.
- Loan amount limited to HUD 207© per unit maximums.

Interest Rate

- Rate must be fixed, and is negotiated between the lender and the prospective borrower.
- 20% of all guaranteed loans receive some interest credit to write down interest cost.

Maximum Repayment Terms

- 40 year level payment schedule, or remaining economic life of project.
- Minimum 25 year balloon with 40 year amortization.

Guarantee Fees

- Initial fee of 100 basis points, or 1% of initial principal loan amount; and
- Servicing fee of 50 basis points or .5% of the outstanding balance each year thereafter.

Income and Rent Restrictions

- Tenant income cannot exceed 115% of area median income, adjusted for family size.
- Rent (including tenant-paid utilities) for any unit at initial occupancy cannot exceed 30% of 115% of area median income, adjusted for family size.
- Average rent (including tenant-paid utilities) for all units in a project cannot exceed 30% of 100% of area median income.

GRRH Regulations and Forms

- Regulations are available online at:
<http://www.rurdev.usda.gov/regs/handbook/hb-1-3565/w6apd01.pdf>
- Forms are available online at:
<http://www.rurdev.usda.gov/regs/formstoc.html#3500>

For More Information

For more information contact your local USDA Rural Development Office or the USDA Rural Development State Office at:

USDA Rural Development
Attn: Rural Housing Division
Federal Building, Room 152
100 Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5594 (voice)
(402) 437-5093 (TDD)

National Office Web site: <http://www.rurdev.usda.gov/rhs>
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

“The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual’s income is derived from any public assistance program . (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact USDA’s TARGET Center at (202) 720-2600 (voice or TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). “USDA is an equal opportunity provider, employer and lender.”

U.S. Department of Agriculture
Rural Development - Rural Housing Programs
(Revised November 2005)